



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200

Phoenix, Arizona 85007

(602) 364-4558

(602) 364-4570 FAX

Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Ms. Terry Stevens

Cenpatico

1501 W. Fountainhead Corporate Park #295

Tempe, Arizona 85282

RE: Policy Decisions for Immediate Implementation

Dear Ms. Stevens:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.¹

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 - 1. Paraprofessionals
 - 2. Behavioral Health Technicians (BHT)
 - 3. Behavioral Health Professionals (BHP)
 - 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

¹ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

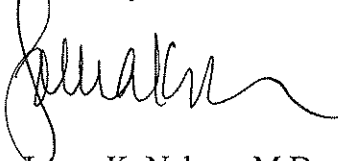
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Mr. Neal Cash
CPSA
535 N. Wilmot Road, Suite 201
Tucson, AZ 85711

RE: Policy Decisions for Immediate Implementation

Dear Mr. Cash:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.³

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

³ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

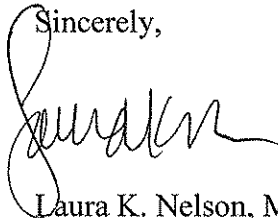
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Mr. Gerald Szymanski
Colorado River Indian Tribes
Rt. 1, Box 23-B
Parker, AZ 85344

RE: Policy Decisions for Immediate Implementation

Dear Mr. Szymanski:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁶

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 - 1. Paraprofessionals
 - 2. Behavioral Health Technicians (BHT)
 - 3. Behavioral Health Professionals (BHP)
 - 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁶ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

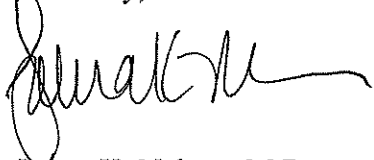
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Mr. Steven Green
Gila River Health Care Corporation
P.O. Box 38
Sacaton, AZ 85247

RE: Policy Decisions for Immediate Implementation

Dear Mr. Green:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁷

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁷ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

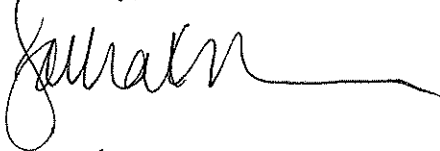
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Dr. Richard Clarke
Magellan
4129 E. Van Buren
Phoenix, AZ 85008

RE: Policy Decisions for Immediate Implementation

Dear Dr. Clarke:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁴

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁴ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

Dr. Richard Clarke

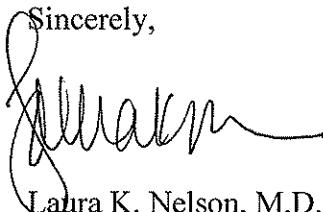
March 11, 2009

Page 8

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.

Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Dr. Mick Pattinson
NARBHA
1300 S. Yale Street
Flagstaff, Arizona 86001

RE: Policy Decisions for Immediate Implementation

Dear Dr. Pattinson:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.²

b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 - 1. Paraprofessionals
 - 2. Behavioral Health Technicians (BHT)
 - 3. Behavioral Health Professionals (BHP)
 - 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

² Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

Dr. Mick Pattinson

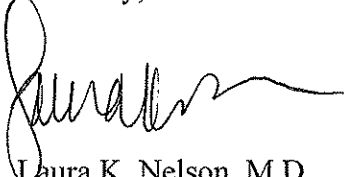
March 11, 2009

Page 8

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.

Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Ms. Theresa Galvan
Navajo Nation
Department of Behavioral Health Services
P.O. Box 2505
Window Rock, AZ 86515

RE: Policy Decisions for Immediate Implementation

Dear Ms. Galvan:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

- 1. Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services.**
T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health

services to cooperate with financial screening and eligibility determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁵

b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁵ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

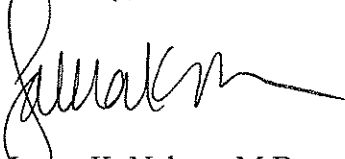
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Ms. Theresa Ybanez
Pascua Yaqui Tribe
7490 S. Camino de Oeste
Tucson, AZ 85757

RE: Policy Decisions for Immediate Implementation

Dear Ms. Ybanez:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

1. **Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁸

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁸ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

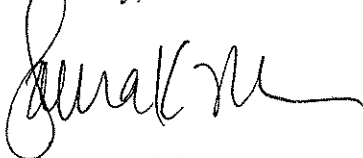
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File



Division of Behavioral Health Services

Office of the Deputy Director

150 North 18th Avenue, Suite 200
Phoenix, Arizona 85007
(602) 364-4558
(602) 364-4570 FAX
Internet: www.azdhs.gov

JANICE K. BREWER, GOVERNOR
WILL HUMBLE, INTERIM DIRECTOR

March 11, 2009

Dr. Bill Arnett
White Mountain Apache Tribe
P.O. Box 700
Whiteriver, AZ 85941

RE: Policy Decisions for Immediate Implementation

Dear Dr. Arnett:

The Arizona Department of Health Services, Division of Behavioral Health Services (ADHS/DBHS) sincerely appreciates the responses submitted by the Tribal and Regional Behavioral Health Authorities (T/RBHAs) proposing options and recommendations to address the FY'09 budget reductions. It is evident that much time and careful consideration went into these proposals. ADHS/DBHS carefully reviewed the numerous suggestions put forth before finalizing these policy decisions. Although difficult to make, ADHS/DBHS believes that these decisions are legally permissible and less damaging and problematic than many of the other available options. ADHS/DBHS looks forward to ongoing collaboration with you as we implement these changes.

The following necessary actions have been identified by ADHS/DBHS to address the funding shortfalls for Non-Title XIX members across the state and will be implemented immediately:

- 1. Require all individuals to comply with financial screening and eligibility process. Refusal to cooperate will result in ineligibility for services. T/RBHAs will not be required to serve individuals who refuse to cooperate with the screening and eligibility process.**
 - a. Arizona statute requires all persons, including individuals with a serious mental illness (ARS § 36.550.06), seeking state-funded behavioral health services to cooperate with financial screening and eligibility

determinations. (ARS § 36-3408) Individuals who refuse to do so will no longer be eligible for services. An individual's inability to obtain documentation for eligibility determination cannot be considered a refusal to cooperate.

- b. Exceptional circumstances under which services may be provided for a limited time:
 - i. Emergency services, which are to be provided immediately, so long as within 5 days from the date of service, a financial screening is initiated; and
 - ii. When an individual is incapable of cooperating with the financial screening and eligibility determination process as a result of their mental illness, until or unless a representative capable of providing assistance is court appointed.
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.1, *Eligibility Screening for AHCCCS Health Insurance, Medicare Part D Prescription Drug Coverage, and the Limited Income Subsidy Program*

2. Charge individuals who are non-TXIX, including non-TXIX SMI recipients, fees for services. Providers may request payment prior to the delivery of services and may refuse to provide services if co-pays are not collected.

- a. Arizona statute requires all individuals who are non-TXIX eligible to pay fees for services. A fee schedule, which will be established by ADHS/DBHS, includes, but is not limited to, a sliding fee schedule based upon the ability of the individual to pay for part or the total cost for services (i.e. some individuals will be expected to pay 100% for the cost of services). (ARS §36-3409)
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

3. No longer accept financial responsibility for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI.

- a. The T/RBHAs are not financially responsible for court-ordered treatment services provided to individuals who are non-TXIX, non-SMI. The County has legal payment responsibility for costs associated with Court-Ordered Treatment for individuals who are non-TXIX, non-SMI. (ARS §545.04) T/RBHAs electing to take this position should notify the appropriate individuals, including Court Commissioners and treating hospitals, in advance and assist with identifying alternatives.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.18, *Pre-petition Screening, Court Ordered Evaluation and Treatment*

4. Eliminate coverage for Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications for non-TXIX members and dual eligible non-SMI members. In addition, Non-TXIX individuals (including SMI) with other TPL are fully responsible for all out-of-pocket costs required by their insurer.

- a. With the exception of dual eligible SMI members, Medicare Part D co-pays, premiums, deductibles, coinsurance, and non-formulary medications will no longer be covered.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.21, *Service Prioritization for Non-Title XIX/XXI Funding*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

5. Require Prior Authorization and Re-Authorization of Residential Services for all members, regardless of eligibility status:

- a. ADHS/DBHS will work with the T/RBHAs to develop and implement statewide prior authorization and re-authorization criteria for Level II,

Level III, and Home Care Training for Home Care Client (HCTC). Once implemented, all T/RBHAs must utilize the same criteria.⁹

- b. The following requirements and timeframes will apply:

	PA Required?	Re-Authorization Required?	Timeframe for Re-Authorization
Level I RTC	Yes (existing)	Yes (existing)	Every 30 days
Level II	Yes	Yes	Every 60 days
Level III	Yes	Yes	Every 90 days
HCTC	Yes	Yes	Every 90 days

- i. Level II Residential (Prior Authorization and Re-Authorization every 30 days)
 - ii. Level III Residential (Prior Authorization and Re-Authorization every 60 days)
 - iii. Home Care Training for Home Care Client (HCTC; Re-Authorization every 90 days; Prior authorization is not required for this service)
- c. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
- i. Provider Manual Section 3.14, *Securing Services and Prior Authorization*

6. Relax Minimum Network Standards for non-TXIX SMI recipients to align with revenue reductions (Applies to Greater Arizona T/RBHAs only)

- a. ADHS/DBHS supports a reduction in the total number of Full Time Equivalents (FTEs) working within outpatient clinics or operating independently who serve non-TXIX SMI recipients as long as the clinical needs of enrolled non-TXIX SMI recipients can be met.
 - i. Staffing Types Include:
 1. Paraprofessionals
 2. Behavioral Health Technicians (BHT)
 3. Behavioral Health Professionals (BHP)
 4. Psychiatrists, Nurse Practitioners, or Physician Assistants

⁹ Until these criteria are finalized, T/RBHAs may develop and utilize their own criteria as described in the letter from ADHS/DBHS dated February 19, 2009.

- b. It is the expectation of ADHS/DBHS that each T/RBHA continue to maintain an adequate and sufficient network. Any changes to the network must follow all applicable reporting requirements identified within each contract.

7. Avoid the use of Single Case Agreements (SCA) for non-TXIX members

- a. When alternative in-network providers are available to meet the need, these can and should be used.
- b. The following ADHS/DBHS Provider Manual Section(s) will be revised to reflect these changes:
 - i. Provider Manual Section 3.4, *Co-payments*
 - ii. Provider Manual Section 3.5, *Third Party Liability and Coordination of Benefits*

In addition, ADHS/DBHS clearly recognizes the need to work smarter and decrease administrative burden wherever possible and is open to considering additional, specific suggestions regarding paperwork reduction opportunities, frequency/duration of scheduled meetings, workgroup consolidation, and reports/deliverables. For example, ADHS/DBHS is currently considering eliminating the Children's Structural Elements Report.

The following T/RBHA recommendations are not being adopted by ADHS/DBHS at this time; the reasoning is explained in the following table.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Disenroll if non-TXIX SMI member has other payor or insurance	The SMI program is an entitlement program, regardless of third party payor status.
Define indigent (at 100% FPL or another percentage) for SMI eligibility	ADHS/DBHS does not have the statutory authority to implement such a change. However, we will share this option with the ADHS Director and the Governor's Office staff for their consideration.

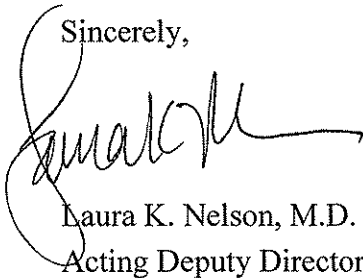
T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Require SMI redetermination evaluations annually (or with some other set timeframe)	This would be contrary to established recovery principles. SMI redetermination requirements may act as a disincentive for individuals to demonstrate functional improvements and make progress toward recovery for fear of losing vital services and supports. However, please note that the ADHS/DBHS Provider Manual Section 3.10, <i>SMI Eligibility Determination</i> , already allows T/RBHAs to conduct re-determination evaluations when indicated.
Stop enrollments for persons in SMI Diagnostic Category III; disenroll persons in SMI Diagnostic Category III; disenroll persons without qualifying functional criteria but are in SMI program for risk of deterioration	ADHS/DBHS will conduct research to find out how other states determine initial and ongoing SMI eligibility. .
Change benefit plan to align service revenue and expenses for non-TXIX SMI programs	The benefit package for individuals with SMI (an entitlement program) is established in Administrative Rule. While ADHS/DBHS is not changing the benefit package for non-TXIX SMI members at this time, co-pay expectations are changing (see attachment).
Refrain from additional housing acquisitions (from the Housing Acquisition Fund) in the short term	T/RBHAs are welcome to submit new housing spending plans to the housing review committee (no later than April 1 st), if they no longer desire to move forward with an acquisition project. The allocated funds must, however, be used for housing options for persons with SMI, but do not need to be used specifically for housing acquisition. ADHS/DBHS encourages T/RBHAs to utilize these funds to fill any gaps left from the loss of Community Placement Funds. T/RBHAs are encouraged to discuss acceptable options with Paige Finley, Manager of Psychosocial Rehabilitation at ADHS/DBHS.
Additional pharmacy management	T/RBHAs may proceed with implementing prior authorization for the medications previously listed by ADHS/DBHS. Any additional requests must be submitted to Rodgers Wilson, M.D., Chief Medical Officer, for consideration and approval prior to implementation.
Discontinue prior authorization of non-formulary medications for non-TXIX members and replace with generic or similar formulary medications	Currently T/RBHAs are not required to offer non-formulary medications. Any medications provided by T/RBHAs that are not on the ADHS/DBHS formulary are solely at the discretion of the T/RBHA.

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Limit non-TXIX SMI Transportation service	ADHS/DBHS is proposing a co-pay schedule to address this issue.
Stop new enrollments into the non-TXIX GMH/SA and children's programs	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this issue. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available.
Provide up until 75% of non-TXIX GMH/SA and children's monies utilized, and then provide Crisis Intervention-Telephone only	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this to some extent. However, T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available and may limit services due to funding availability.
Stop paying room and board for all bed related services	ADHS/DBHS does not support this for TXIX members. For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available
Reduce Flex fund benefit amount to \$500	Flex funds originate from grant funding, not non-TXIX funds; no adjustments will be made to flex fund utilization at this time
Require self pay for all populations for court-order services such as domestic violence, DUI, and sex offenders	For non-TXIX members, the implementation of the co-pays and sliding fee schedule will address this. T/RBHAs are only required to serve non-TXIX GMH, SA, and children as funding is available. T/RBHAs receive funding specifically for DUI screening and education (<u>A.R.S. § 36-2005</u>)
Enforce the 3-day inpatient benefit limit for non-TXIX member's Court Ordered Evaluation (Applies to Maricopa County only)	ADHS/DBHS will examine available options with Magellan and Maricopa County, through the IGA to address this issue
Notice of Action requirements and member appeal rights need to be simplified	These requirements are mandated by AHCCCS and cannot be modified.
Allow T/RBHAs to redirect paybacks that are being finalized now from profit risk corridor to services	ADHS/DBHS does not support taking additional money out of services.
Stop the practice of differentiating fund types within the non-TXIX buckets	A.R.S. § 36-3410 requires this differentiation

T/RBHA Recommendation	ADHS/DBHS Rationale
Stop enrolling new SMI members	This option would deny access for new individuals who need and qualify for services. The risks associated with this option are not acceptable. Under contract, T/RBHAs are required to conduct SMI eligibility determinations for referred individuals. ADHS/DBHS expects T/RBHAs to comply with this contractual requirement and enroll individuals who qualify as individuals with SMI.
Decrease sanction amounts and stop the practice of doubling sanctions if the RBHA has an acceptable corrective plan and is making progress	ADHS/DBHS applies sanctions to improve performance. When progress is being demonstrated, a decrease in the sanction amount is considered a mitigating factor than can decrease future sanctions.
Resolve the Pinal County zip code issue	ADHS/DBHS recommends that the CEOs of Cenpatico and Magellan meet to work out an agreement for the zip codes involved.

Again, thank you all for your many suggestions and efforts in addressing this very difficult task. If you have any questions, please do not hesitate to contact me.

Sincerely,



Laura K. Nelson, M.D.
Acting Deputy Director

cc: Will Humble, Interim Director
DBHS Executive Team
Beth Kohler-Lazare
Compliance File